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IDAHO PUBLIC UTILITIES COMMISSION

1407 West North Temple, Suite 330  
Salt Lake City, Utah 84116

July 2, 2020

**VIA ELECTRONIC FILING**

Diane Hanian  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702

**Re: CASE NO. PAC-E-19-08  
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER  
TO CLOSE THE NET METERING PROGRAM TO NEW SERVICE &  
IMPLEMENT A NET BILLING PROGRAM TO COMPENSATE CUSTOMER  
GENERATORS FOR EXPORTED GENERATION**

Dear Ms. Hanian:

Please find an electronic filing of Rocky Mountain Power's Revised Comments in the above referenced matter.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Joelle Steward  
Vice President, Regulation

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*Attorneys for Rocky Mountain Power*

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF ROCKY MOUNTAIN POWER TO ) CASE NO. PAC-E-19-08  
CLOSE THE NET METERING PROGRAM )  
TO NEW SERVICE & IMPLEMENT A NET )  
BILLING PROGRAM TO COMPENSATE ) REVISED COMMENTS OF  
CUSTOMER GENERATORS FOR ) ROCKY MOUNTAIN POWER  
EXPORTED GENERATION )**

Pursuant to the Notice of Supplemental Application, Notice of Public Hearing, and Notice of Comment Deadlines issued by the Idaho Public Utilities Commission (“Commission”) on May 6, 2020, Rocky Mountain Power a division of PacifiCorp (“RMP” or the “Company”) hereby submits its revised comments in the above-referenced case.

1. The Company filed its application in this matter on June 14, 2019 (“Application”) and a supplemental application on April 23, 2020 (“Supplemental Application”).

2. The Supplemental Application provided updated information about the Company’s Export Credit Study and requested that customers who submitted an interconnection agreement as of July 31, 2020, be grandfathered in the Schedule 135 net metering program for

ten years, until July 31, 2030.<sup>1</sup> The Company requested that customers who submitted an application to interconnect before midnight on July 31, 2020, would have one year to interconnect their customer generation system in order to be grandfathered into Schedule 135.

3. After the Supplemental Application was filed, the Commission ordered a two phase proceeding including a phase one addressing study design and a phase two reviewing the study. The Commission solicited comments from parties by May 26, 2020, and required all public comments to be received by July 16, 2020.

4. On May 26, 2020, Commission Staff, Idaho Clean Energy Association, and Idaho Conservation League each submitted comments on the Company's proposed study design. A few members of the public have also submitted comments. Additionally, the Company hosted a telephonic public workshop on June 16, 2020, where it shared its study design and solicited comments, and Commission staff hosted a similar telephonic workshop on June 18, 2020. The Commission held a telephonic public customer hearing on June 22, 2020. Most of the comments received from the general public related to grandfathering.

5. Based on the comments of the parties and the public, the Company requests that Schedule 135 customers be grandfathered for fifteen years, until July 31, 2035, instead of ten years as originally requested. The Company makes no other revisions to its request at this time.

6. The Company understands customers' concern with the Company's proposed ten year grandfathering period for existing customer generators. While the Company's payback analysis demonstrates that ten years is reasonable, the Company is not unsympathetic to concerns from existing net metering program participants and recognizes that customers may have had their systems built anticipating longer payback periods for their investment. However, Net Metering

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<sup>1</sup> Supplemental Application ¶ 21.

customers were notified that the program was subject to change when they signed up for interconnection. Paragraph 2 of the Company's Interconnection and Net Metering Service Agreement, titled Governing Law states:

As amended from time to time, the Idaho Statutes, Idaho Administrative Rules ("IDAPA") and Rocky Mountain Power's Idaho tariffs approved by and on file with the Idaho Public Utilities Commission ("Tariffs") are incorporated by reference and regulate this Agreement. In the event of any conflict between this Agreement and the Idaho Statutes, IDAPA and Rocky Mountain Power Tariffs (collectively, "Governing Law") the Governing Law shall control. Rocky Mountain Power shall furnish applicable provisions of the Idaho Statutes, IDAPA and its Tariffs upon request from the Customer-Generator.

7. Based on the following updated analysis, a 15-year grandfathering period should be sufficient for most customers to get a return on their investment while striking a balance between giving existing customer generators a reasonable time on the existing program with mitigating the impacts to non-participants.

**Average customer payback period**

8. The Company recognizes that Schedule 135 customers have made a significant investment in their generation systems; therefore the Company's original proposal included a ten-year grandfather period for the Schedule 135 Net Metering program that provided customers sufficient time to recover their investment. After the grandfathering period ends, these customers would still continue to benefit from their investment through reduced usage from the Company and compensation for exported energy. Grandfathering existing customer generators for fifteen years on the Net Metering program is reasonable and consistent with the customer payback analysis while limiting the length of time non-Net Metering customers must subsidize net metering.

9. Staff's comments recommended that the Commission order the Company to quantify the dollar amount expected to be recovered from all non-net metering customers under a reasonable range of export credits and grandfathering time periods.

10. The Company developed the present value revenue requirement associated with grandfathering under 10, 15, 20, and 25 year scenarios. The Company used a 6.92 percent discount rate consistent with the 2019 IRP and assumed the Company's net billing export credit price from its supplemental filing and its current retail rates remain flat through the 25 year period. The present value of revenue requirements provides a measurement of the estimated cost of preserving the Net Metering program for existing participants in present value terms. In other words, it is what the cost would be today of choosing to grandfather Net Metering customers over different periods taking into consideration the time-value of money. Table 1 below summarizes this analysis:

**Table 1 - Value of Net Metering Cost Shifting Under Different Grandfathering Scenarios**

<b>Scenario</b>	<b>Present Value of Revenue Requirements (\$ million)</b>
10 Year Grandfathering	4.2
15 Year Grandfathering	5.4
20 Year Grandfathering	6.2
25 Year Grandfathering	6.8

11. Another important consideration regarding a grandfathering period is customer payback. In its initial filing, the Company estimated that a typical customer could experience a payback period of about 9.6 years. To give a fuller picture of how this might vary for different customers, the Company took the same assumptions it used in its initial filing and calculated customer paybacks for higher and lower cost systems (\$2 per watt installed and \$4 per watt installed) as well as for a larger usage and lower usage customer (2,000 kWh per month and 1,000 kWh per month). Table 2 below summarizes the results of these nine customer payback scenarios:

**Table 2 – Rooftop Solar Simple Payback Scenarios**

	<b>Lower Usage (1,000 kWh/month)</b>	<b>Base Usage (1,591 kWh/month)*</b>	<b>Higher Usage (2,000 kWh/month)</b>
<b>Low Cost System (\$2.00/W<sup>DC</sup>)</b>	8.6	6.9	6.6
<b>Base Cost System (\$2.75/W<sup>DC</sup>)*</b>	12.0	9.6	9.1
<b>High Cost System (\$4.00/W<sup>DC</sup>)</b>	17.8	14.2	13.4

A customer with 2,000 kWh per month who paid \$2 per watt<sup>2</sup> for a generation system could have a simple payback period of 6.6 years on the Net Metering program. Conversely, a customer using 1,000 kWh per month who paid \$4 per watt could have a payback of 17.8 years.

12. This analysis continues to support the Company’s original 10 year grandfathering period. However, as noted the primary concern of the eighteen customers that submitted written comments to the Commission and the handful of customers who participated in the public workshops was their concern about imposing any grandfathering period for current customers.

13. Based on the analysis summarized in Table 2, a 15-year grandfathering period is at the backend of all but one payback scenario assuring existing customer generators have reasonable time on the current Net Metering program to recover their investment before moving to Net Billing.

14. After the grandfathering period ends, current Net Metering customers transferred to the Net Billing program will continue to benefit from their system by reducing their energy bill which is the intent of Net Metering. When the Company implemented its Net Metering program, the Commission order<sup>3</sup> stated:

The net metering tariff proposed by the Company provides its customers with the opportunity to offset their electric loads and energy requirements. This opportunity to run the meter backwards and offset usage is the primary purpose of net metering... The purpose of net metering is not to encourage excess generation. Developers of qualifying renewable generation resources who wish to get into the

<sup>2</sup> \$2 per watt is not an unreasonably low price, because Tesla now offers an 8.16 kW solar system for \$16,000 or at a price of about \$1.96 per watt.

<sup>3</sup> *In the Matter of the Petition of NW Energy Coalition and the Renewable Northwest Project to Establish Net Metering Schedules for PacifiCorp.* Case No. PAC-E-03-04, Order No. 29260.

business of selling energy to the Company should, under PURPA, request firm or non-firm energy purchase contracts.

**REQUEST FOR RELIEF**

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue an order authorizing the Company to close Electric Service Schedule 135 to new customer participation and cap it at the levels in place, effective at midnight local time, July 31, 2020 and approve a 15-year grandfathering period. Rocky Mountain Power respectfully requests that the Commission grant the study design in its Supplemental Application and the above modification to the grandfathering period for current Net Metering customers.

DATED this 2<sup>nd</sup> day of July 2020.

Respectfully submitted,  
ROCKY MOUNTAIN POWER



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